

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2316 - SB 2279

March 30, 2009

SUMMARY OF BILL: Rewrites the Tennessee Residential Lending, Brokerage and Servicing Act of 1988; revises various provisions governing industrial loan and thrift companies (TILT Act) and the Department of Financial Institutions.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – \$51,800/One-Time
\$241,400/Recurring
Increase State Expenditures - \$6,400/One-Time
\$233,000/Recurring**

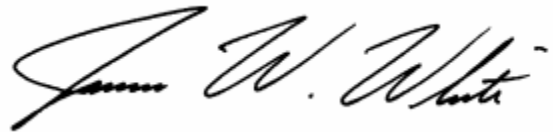
Assumptions:

- According to the Department of Financial Institutions, most of the revisions made to the Tennessee Residential Lending, Brokerage and Servicing Act were made to bring Tennessee into compliance with Public Law 110-289, Title V – S.A.F.E. Mortgage Licensing Act (SAFE).
- The Conference of State Bank Supervisors (CSBS), in consultation with HUD, developed the model state law for state implementation of SAFE.
- The recurring increase in state revenue of \$189,600 is based on 474 mortgage companies that currently hold a certificate of registration converting to a license at year-end 2009 and paying a licensure renewal fee of \$500, rather than the current registrant renewal fee of \$100 (\$500 - \$100 = \$400 increase x 474 registrants).
- Each of the 259 industrial loan and thrift locations (TILTs) currently engaged in making mortgage loans will register an average of two mortgage loan originators (MLOs) each prior to July 31, 2009, at a cost of \$100 per originator. This will result in a recurring increase in state revenue of \$51,800 (259 x 2 x \$100).
- Estimated one-time increase in state revenues of \$51,800 (259 x 2 x \$100) from a one-time sponsorship fee from each TILT Act company for each MLO who would not be permitted to originate mortgage loans for the company unless the company first sponsored the MLO by filing a form and paying a one-time \$100 fee.

- Revenue collected in subsequent years from the sponsorship fee would only occur if a company hires a new mortgage loan originator (MLO) after July 31, 2009. The number of new MLOs hired under the TILT Act which would result in a fee cannot be determined but is estimated to be not significant.
- According to the Department, four additional staff positions will be required to carry out the requirements of the bill. Recurring state expenditures for salary and benefits for the four positions are estimated to be \$232,479, with a one-time cost of \$6,400 for equipment.
- The Department is authorized to require certain job applicants to undergo a fingerprint criminal background check as a condition of employment. The Department will fingerprint ten new hires per year at a cost of \$48 each, for a recurring cost of \$480.
- The cost of a fingerprint-based criminal records check processed by the Tennessee Bureau of Investigation (TBI) as a condition of registration under the TILT Act, if required, will be borne by the registrant. The Department currently has the authority to conduct such fingerprint checks under the Mortgage Act.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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